Government of Saskatchewan

Annual Report 2003-2004

Saskatchewan Agricultural Stabilization Fund

For the fiscal year ending
March 31, 2004

Saskatchewan Centennial 2005

Table of Contents

Letters of Transmittal 2
The Saskatchewan Agricultural Stabilization Fund 3
Waterfowl Damage Compensation Program 4
Annual Waterfowl Damage Compensation Summary 5
New Crops Insurance Program 6
Big Game Damage Compensation Program 6
Annual Big Game Damage Compensation Summary 7
Canadian Farm Income Program (CFIP) 7
BSE Recovery Program 8
Unseeded Acreage Benefit 10
Canada-Saskatchewan Adjustment Program (CSAP I) 10
Canada-Saskatchewan Assistance Program (CSAP II) 10
Management's Responsibility for the Financial Statements 10
Auditors' Report 11
Saskatchewan Agricultural Stabilization Fund Financial Statements 12
Notes to the Financial Statements 18

Letters of Transmittal

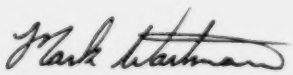
July 2004

Her Honour
The Honourable Dr. Lynda M. Haverstock
Lieutenant Governor of Saskatchewan

Your Honour:

As Minister of Agriculture and Food, it is my pleasure to submit the annual report for the Saskatchewan Agricultural Stabilization Fund for the fiscal year ending March 31, 2004.

Respectfully submitted,



The Honourable Mark Wartman
Minister of Agriculture and Food

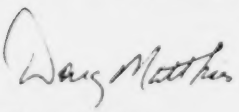
July 2004

The Honourable Mark Wartman
Minister of Agriculture and Food

Sir:

I wish to present to you the annual report of Saskatchewan Agricultural Stabilization Fund for the fiscal year ending March 31, 2004.

Respectfully submitted,



Doug Matthies
Deputy Minister

The Saskatchewan Agricultural Stabilization Fund

The fund is established under The Farm Financial Stability Act.

The purpose of the fund is to administer those programs established under the act, which enhance or stabilize the incomes of Saskatchewan farmers or the returns from commodities produced by Saskatchewan farmers.

The fund administers each program that is set up under it by establishing a separate account, which receives funding from the provincial and federal governments and pays out these funds according to the specific program regulations.

The fund operates the following seven accounts, which are established by the regulations noted:

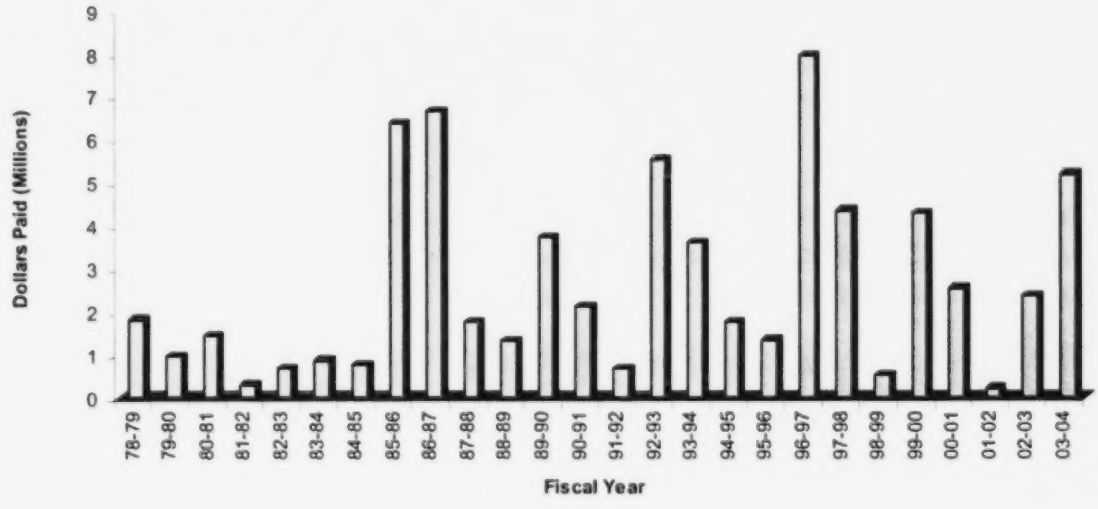
- Waterfowl Damage Compensation Program Account – The Waterfowl Damage Compensation Program Regulations.
- New Crops Insurance Account – The New Crops Insurance Program Regulations
- Big Game Damage Compensation Program Account – The Big Game Damage Compensation Program Regulations
- The Agricultural Income Disaster Assistance and Canadian Farm Income Program Account – The AIDA and CFIP Program Regulations
- Unseeded Acreage Benefit Account – The Unseeded Acreage Benefit Program Regulations
- Canada-Saskatchewan Adjustment Program (CSAP I) Account – The Canada-Saskatchewan Adjustment Program Regulations
- Canada-Saskatchewan Assistance Program (CSAP II) Account – The Canada-Saskatchewan Assistance Program Regulations
- The BSE (Bovine Spongiform Encephalopathy) Recovery Program Account – The Canada-Saskatchewan BSE Recovery Program Regulations, 2003

Waterfowl Damage Compensation Program

The Waterfowl Damage Compensation Program is administered by the Saskatchewan Crop Insurance Corporation. Producers who suffer severe crop losses from the damage caused by ducks, geese and sandhill cranes can file a claim. Any Saskatchewan producer, with or without a crop insurance contract, is eligible to receive compensation for crops damaged by waterfowl.

Compensation covers 85 per cent of the incurred loss. Payments are based on the grade of the crop at the time of harvest to adequately reflect the value of the damaged crop, subject to a $200 deductible per crop. Protein adjustments or malting status are not included in determining compensation amounts. There are no costs or premiums paid by the producer.

Historic Waterfowl Damage Compensation



Annual Waterfowl Damage Compensation Summary

YEAR	Claims	Compensation Paid	$/Claim
78-79	1,586	$1,836,587	$1,158
79-80	908	$977,476	$1,077
80-81	1,233	$1,465,480	$1,189
81-82	305	$312,061	$1,023
82-83	582	$684,593	$1,176
83-84	541	$869,910	$1,608
84-85	408	$763,530	$1,871
85-86	2,544	$6,389,022	$2,511
86-87	2,950	$6,658,769	$2,257
87-88	1,210	$1,779,933	$1,471
88-89	807	$1,337,903	$1,658
89-90	1,384	$3,727,130	$2,693
90-91	760	$2,138,380	$2,814
91-92	392	$683,391	$1,743
92-93	2,040	$5,557,642	$2,724
93-94	1,560	$3,603,156	$2,310
94-95	1,668	$1,778,556	$1,066
95-96	709	$1,352,767	$1,908
96-97	2,416	$7,951,921	$3,291
97-98	1,077	$4,361,668	$4,050
98-99	298	$520,360	$1,746
99-00	1,600	$4,309,428	$2,693
00-01	1,132	$2,559,440	$2,261
01-02	164	$233,093	$1,421
02-03	781	$2,368,893	$3,033
03-04	1,028	$5,202,721	$5,061
TOTAL	**30,083**	**$69,423,810**	
Average	**1,157**	**$2,670,147**	**$2,308**
5 Year Average	**941**	**$2,934,715**	**$3,119**

New Crops Insurance Program

In 1997, Saskatchewan created the New Crops Insurance Program under the Saskatchewan Crop Insurance Corporation (SCIC) to expand the list of insurable crops to ones where there was less data available than had historically been required to obtain federal and provincial approval. This allows SCIC to be more proactive in accommodating producers' insurance needs as they diversify their own operations in response to market signals and opportunities. Given some of the additional uncertainty attached to these crops, coverage is limited to 70 per cent, and not all features of the traditional insurance program are available for these crops. It is expected that, over time, these commodities may be moved into the traditional program.

Alfalfa seed, coriander, caraway (biennial), khorasan wheat and non-irrigated dry beans were all insurable crops under the 2003 New Crop Insurance program (chickpeas were moved to the regular crop insurance program in 2002). All new crops are insured for yield loss. A producer's production guarantee is determined using the provincial average yield for the new crop.

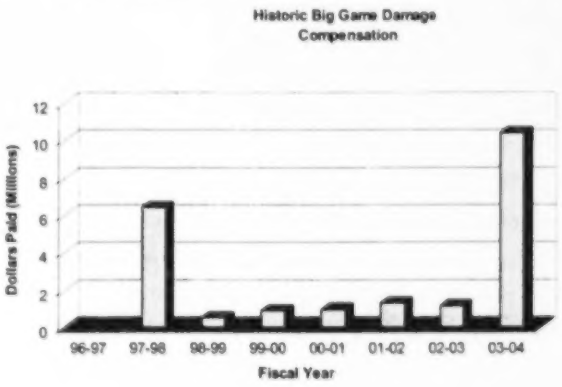
Premium cost-sharing is the same for new crops as the regular crop insurance program. Producers have the option of selecting coverage levels of 50, 60 or 70 per cent. SCIC requires producers who grow these crops to follow a number of industry recommended agronomic practices regarding seeding dates, seed treatment, crop rotations and other management practices in order to be eligible for insurance.

The New Crops Insurance Account within the Saskatchewan Agricultural Stabilization Fund is accessed when, in any given year, the indemnities to be paid out by SCIC exceed the premiums collected for new crops. The resulting shortfall is paid from the account to SCIC. In addition, the account is to pay to SCIC the costs for reinsurance arrangements for that year. Any surplus in the account is allowed to carry over to subsequent fiscal years.

Big Game Damage Compensation Program

The Big Game Damage Compensation Program is administered by the Saskatchewan Crop Insurance Corporation. Producers who suffer severe crop losses from the damage caused by white-tailed deer, mule deer, antelope, elk, moose or bears, can file a claim. Any Saskatchewan producer, with or without a crop insurance contract, is eligible to receive compensation for crops damaged by big game.

Compensation covers 85 per cent of the incurred loss. Payments are based on the grade of the crop at the time of harvest to adequately reflect the value of the damaged crop, subject to a $200 deductible per crop. Protein adjustments or malting status are not included in determining compensation amounts. There are no costs or premiums paid by the producer.



Annual Big Game Damage Compensation Summary

YEAR	Claims	Compensation Paid	$/Claim
96-97	0	$0	$0
*97-98	1,671	$6,412,426	$3,837
98-99	264	$529,955	$2,007
99-00	400	$893,760	$2,234
00-01	383	$968,948	$2,530
01-02	612	$1,306,835	$2,135
02-03	393	$1,164,098	$2,962
03-04	2,789	$10,366,683	$3,717
TOTAL	**6,512**	**$21,642,705**	
Average	**814**	**$2,705,338**	**$3,324**

**97-98 includes claims from both 1996 and 1997 crop years. An early snowfall in 1996 resulted in 1996 claims being paid out in the spring of 1997 when damages were assessed.*

Canadian Farm Income Program (CFIP)

The Canadian Farm Income Program (CFIP) was announced in July 2000 and runs for three years, covering producers' 2000, 2001 and 2002 tax years. CFIP is being replaced by the CAIS program for the 2003 tax year. However, producers were applying for assistance throughout the 2003/04 fiscal year for income declines they may have experienced on their farms during the 2002 tax year. The federal government administers the program through the CFIP Administration in Winnipeg with a satellite processing office in Regina. (The AIDA-CFIP amounts included in the financial statements of the fund represent only the provincial contributions to the program.)

CFIP is a whole farm income support program that provides payments to producers when their claim year margin drops below 70 per cent of their previous three-year average or five-year Olympic average gross margin. (Gross margin is revenue less cash operating expenses.)

For the 2002 claim year, the CFIP Administration received applications from 15,852 Saskatchewan producers, up from 13,594 for the previous year. As of March 31, 2004, 15,679 claims had been processed, representing 99 per cent of claims received from Saskatchewan for the 2002 claim year. Of the claims processed, 64 per cent (9,996) were eligible for payments (versus 52 per cent of 2001 CFIP claims and 44 per cent of 2000 CFIP claims).

As of March 31, 2004, the claims eligible for payment from Saskatchewan for the 2002 claim year received average payments of $14,636, which represents only 70 per cent of the payment amounts qualified for due to interim payment pro-rating. Total payments to Saskatchewan producers for the 2002 claim year as of March 31, 2004 are $146.3 million with approximately $211 million in claims being

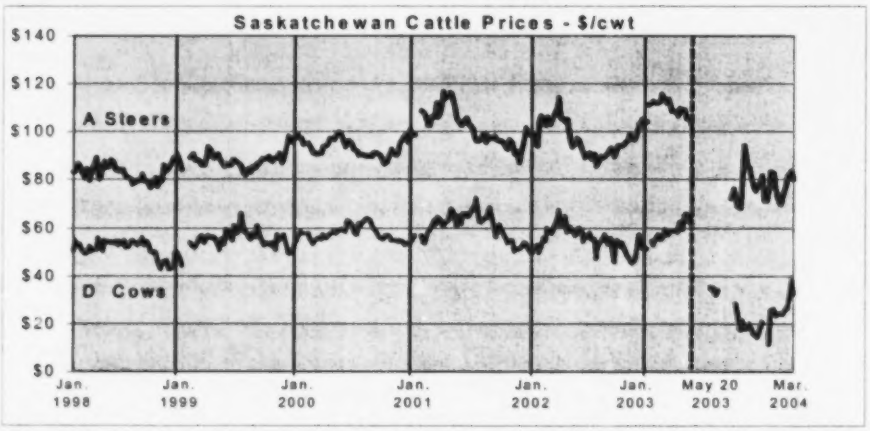
qualified for. This compares to total paid claims for the 2001 claim year of $130 million and the 2000 claim year of $109 million.

BSE Recovery Program

Immediately following the May 20, 2003 announcement that a case of BSE had been discovered in Alberta, major export markets for cattle and beef closed completely. Cattle prices responded immediately, experiencing significant declines. This, in combination with much lower market volumes, dramatically cut overall cash receipts generated by the various components of the sector.

Feedlot operators with animals ready for slaughter were affected immediately. They experienced much reduced demand for their animals and significantly lower prices for those they could sell. With reduced feedlot throughput and demand, cow/calf producers in turn were negatively affected in the marketing of their steers and heifers. Markets for their cull cows essentially disappeared. The entire cattle sector in Canada was thrown into turmoil.

Although government support programs and a partial opening of the U.S. market to Canadian beef exports later brought some degree of stability to the market place, overall cattle prices and marketings for 2003 were down significantly, as indicated by the following tables.



The break in the graph represents the discovery of BSE in Western Canada.

Saskatchewan Cattle Marketings					
	2003	2002	1997-2001 Average	2003/2002	2003/Average
Heifers	577,320	631,860	502,686	-9%	15%
Cows	96,050	194,690	150,948	-51%	-36%
Heifers & Cows	673,370	826,550	653,634	-19%	3%

The impact of lower marketings and prices was directly reflected in estimates of farm cash receipts for the sector. Agriculture and Agri-Food Canada's February 2004 forecast indicated the 2003 receipts from cattle and calf sales were down 35 per cent from 2002 levels.

Saskatchewan Livestock Prices					
	2004 (to March 31)	2003	2002	1998-2002 avg.	2003/avg.
A Steers $/cwt	$77.16	$89.53	$97.52	$92.96	96%
D1-D2 Cows $/cwt	$26.14	$41.98	$55.10	$55.99	75%
100 Index Hogs $/ckg	$131.36	$126.44	$126.62	$136.48	93%

In response to the severe economic impact triggered by the discovery of one case of BSE in Alberta in May 2003, several federal-provincial and provincial-only assistance programs were made available to producers in Saskatchewan. These included:

BSE Recovery Program – Slaughter Element
The program was introduced to help offset the financial hardship producers experienced because of low market prices. These prices resulted from the severe backlog of market-ready cattle which occurred once the Canada - U.S. border was closed to exports. Payments were provided to producers when they marketed their livestock in the Canadian market place at a price below a U.S. reference price, adjusted for exchange and the traditional basis differential. Compensation was paid only on livestock sold for slaughter. Other ruminant producers also were able to access the program. There were 1,519 applicants for the program in Saskatchewan. Payments totalled approximately $29.3 million.

Saskatchewan Set-Aside Program
The Set-Aside Program was introduced to respond to the backlog of slaughter animals that developed at packing facilities as producers attempted to access the BSE Recovery Program. Its intent was to provide producers, who were unable to get their cattle booked for slaughter, with access to program funds. Producers were compensated for withholding slaughter cattle from market for eight weeks during the period the market remained disrupted. There were a total number of 117 applicants who received program payments totalling approximately $4.4 million. The program deadline was August 31, 2003.

Saskatchewan Fed Livestock Competitive Market Adjustment Program
This program was announced in September 2003 due to the continuing border closure to live cattle exports, the backlog of market-ready cattle and continuing low prices being experienced. The intent of the program was to help alleviate the effects of the backlog and to offset some of the financial hardship experienced by producers when cattle were sold. Other ruminants and cervids were included in the program. Compensation was based on a portion of the difference between the Canadian and U.S. price capped at $250 per head (for cattle). The application deadline on this program was January 5, 2004. The 1,555 applicants who applied under this program received payments totalling approximately $12 million.

Saskatchewan Cull Animal Program
This program provided compensation to producers for the loss in value of mature (cull) animals caused by the continued market disruption. The program deadline for application was March 12, 2004. A total of 19,965 applicants applied under the program receiving an estimated $15 million in payments.

Federal (National) Cull Animal Program
The national program also provided compensation to producers for the loss in value of mature animals. Applicants to the provincial program were automatically registered for the federal program. Payments are estimated to be $21 million. Saskatchewan delivered the National Cull Animal Program on behalf of the federal government.

Unseeded Acreage Benefit

The Unseeded Acreage Benefit Program was in place for the 1999 crop year only. Therefore, no activity occurred in this account in 2003-04.

Canada-Saskatchewan Adjustment Program (CSAP I)

The CSAP I Program was in place for the 1998 stabilization year only. Therefore, no activity occurred in this account in 2003-04.

Canada-Saskatchewan Assistance Program (CSAP II)

The CSAP II Program was in place for the 1999 stabilization year only. Therefore, activity in 2003-04 was limited as it dealt with claims outstanding due to various reasons (e.g. appeals).

Management's Responsibility for the Financial Statements

The accompanying financial statements of the Saskatchewan Agricultural Stabilization Fund have been prepared by management in accordance with Canadian generally accepted accounting principles, using management's best estimates and judgments where appropriate.

The fund's management is responsible for the reliability and integrity of these financial statements and other information in this annual report. Financial information in the annual report is consistent with that provided in these financial statements.

In discharging its responsibility for the reliability and integrity of these financial statements, management maintains financial and management control systems and practices designed to provide reasonable assurance that transactions are authorized, assets are safeguarded and proper records are maintained.

The fund's external auditor, KPMG LLP, has audited these financial statements and conducted a review of internal accounting policies and procedures to the extent required to enable them to express an opinion on these financial statements.

Doug Matthies
Deputy Minister
Saskatchewan Agriculture, Food and Rural Revitalization

Laurier Donais
Senior Manager, Financial Systems
Corporate Services Branch
Saskatchewan Agriculture, Food and Rural Revitalization

KPMG LLP
Chartered Accountants
2000 - 1881 Scarth Street
Regina SK S4P 4K9

Telephone (306) 791-1200
Telefax (306) 757-4703
www.kpmg.ca

AUDITORS' REPORT

To the Members of the Legislative Assembly
Province of Saskatchewan

We have audited the statement of financial position of Saskatchewan Agricultural Stabilization Fund as at March 31, 2004 and the statements of operations and changes in net financial assets (liabilities) and cash flows for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. These standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Regina, Canada
May 13, 2004

Saskatchewan Agricultural Stabilization Fund

Statement of Financial Position
As at March 31

	Waterfowl Damage Compensation Program		New Crops Insurance Program		Big Game Damage Compensation Program	
	2004	2003	2004	2003	2004	2003
FINANCIAL ASSETS						
Cash	$ 53,686	$ 135,866	$ —	$ —	$ 82,132	$ 115,759
Investments	—	6,400,000	—	—	—	3,000,000
Due from Province of Saskatchewan - General Revenue Fund (note 3)	—	—	8,903,205	8,651,046	124,886	—
Due from the Waterfowl Damage Compensation Program	—	—	—	—	70,229	—
Due from Government of Canada	254,284	—	—	—	577,329	—
Accrued interest and other receivables	17,211	8,414	388,921	395,956	20,151	10,085
	$ 325,181	$ 6,544,280	$ 9,292,126	$ 9,047,002	$ 874,727	$ 3,125,844
LIABILITIES						
Accounts payable and accrued liabilities	—	—	—	—	855	855
Grants payable	—	—	—	—	—	—
Indemnities payable	—	500,000	—	—	355,618	8,200,000
Due to the Big Game Damage Compensation Program	70,229	—	—	—	—	—
Due to the Saskatchewan Crop Insurance Corporation	244,474	—	—	—	420,210	—
Due to Province of Saskatchewan	10,478	—	—	—	98,044	—
Due to Government of Canada	—	—	—	—	—	—
Deferred revenue	—	6,648,595	2,071,452	2,071,452	—	—
	325,181	7,148,595	2,071,452	2,071,452	874,727	8,200,855
NET FINANCIAL ASSETS (LIABILITIES)	$ —	$ (604,315)	$ 7,220,674	$ 6,975,550	$ —	$ (5,075,011)

See accompanying notes to financial statements

AIDA-CFIP Program		Canada-Saskatchewan BSE Recovery Program		Canada-Saskatchewan Assistance Program (CSAP II)		Total	
2004	2003	2004	2003	2004	2003	2004	2003
$ —	$ —	$ —	$ —	$ —	$ 118,990	$ 135,818	$ 370,615
—	—	—	—	—	—	—	9,400,000
20,150,601	82,481,652	8,690,880	—	—	—	37,869,572	91,132,698
—	—	—	—	—	—	70,229	—
—	—	21,857,713	—	—	—	22,689,326	—
—	—	—	—	313	294	426,596	414,749
$ 20,150,601	$ 82,481,652	$ 30,548,593	$ —	$ 313	$ 119,284	$ 61,191,541	$ 101,318,062
—	—	—	—	—	—	855	855
—	—	26,472,372	—	—	—	26,472,372	—
—	—	—	—	—	—	355,618	8,700,000
—	—	—	—	—	—	70,229	—
—	—	—	—	—	—	664,684	—
—	—	—	—	—	—	108,522	—
7,830,000	73,847,229	—	—	—	—	7,830,000	73,847,229
—	—	—	—	—	—	2,071,452	8,720,047
7,830,000	73,847,229	26,472,372	—	—	—	37,573,732	91,268,131
$ 12,320,601	$ 8,634,423	$ 4,076,221	$ —	$ 313	$ 119,284	$ 23,617,809	$ 10,049,931

Saskatchewan Agricultural Stabilization Fund

Statement of Operations and Changes in Net Financial Assets (Liabilities)
For the Year Ended March 31

	Waterfowl Damage Compensation Program		New Crops Insurance Program		Big Game Damage Compensation Program	
	2004	2003	2004	2003	2004	2003
Revenue						
Interest income	$ 49,864	$ 135,962	$ 245,124	$ 605,236	$ 46,912	$ 63,801
Province of Saskatchewan - General Revenue Fund grant programs	169,522	---	---	---	384,886	---
Government of Canada	6,902,879	1,434,447	---	8,826,565	5,350,285	2,775,587
	7,122,265	1,570,409	245,124	9,431,801	5,782,083	2,839,388
Expenses						
Indemnities	4,702,721	2,868,893	---	1,074,032	2,522,301	9,364,098
Grants to producers	---	---	---	---	---	---
Transfers to the Government of Canada	---	---	---	---	---	---
Transfers to the Government of Saskatchewan	---	---	---	---	---	---
Administration	---	---	---	---	---	---
	4,702,721	2,868,893	---	1,074,032	2,522,301	9,364,098
Excess (deficiency) of revenue over expenses for the year	2,419,544	(1,298,484)	245,124	8,357,769	3,259,782	(6,524,710)
Net financial assets (liabilities), beginning of year	(604,315)	694,169	6,975,550	12,254,690	(5,075,011)	1,449,699
Transfers between programs (note 4)	(1,815,229)	---	---	(13,636,909)	1,815,229	---
Net financial assets (liabilities), end of year	$ ---	$ (604,315)	$ 7,220,674	$ 6,975,550	$ ---	$ (5,075,011)

See accompanying notes to financial statements

AIDA-CFIP Program		Canada-Saskatchewan BSE Recovery Program		Canada-Saskatchewan Assistance Program (CSAP II)		Total	
2004	2003	2004	2003	2004	2003	2004	2003
$ —	$ —	$ —	$ —	$ 3,447	$ 3,760	$ 345,347	$ 808,759
—	56,300,000	46,200,000	—	—	—	46,754,408	56,300,000
5,000,000	—	39,546,011	—	—	—	56,799,175	13,036,599
5,000,000	56,300,000	85,746,011	—	3,447	3,760	103,898,930	70,145,358
—	—	—	—	—	—	7,225,022	13,307,023
—	—	81,669,790	—	(6,382)	39,660	81,663,408	39,660
1,313,822	61,354,228	—	—	90,160	—	1,403,982	61,354,228
—	—	—	—	38,640	—	38,640	—
—	—	—	—	—	129	—	129
1,313,822	61,354,228	81,669,790	—	122,418	39,789	90,331,052	74,701,040
3,686,178	(5,054,228)	4,076,221	—	(118,971)	(36,029)	13,567,878	(4,555,682)
8,634,423	51,742	—	—	119,284	155,313	10,049,931	14,605,613
—	13,636,909	—	—	—	—	—	—
$ 12,320,601	$ 8,634,423	$ 4,076,221	$ —	$ 313	$ 119,284	$ 23,617,809	$ 10,049,931

Saskatchewan Agricultural Stabilization Fund

Statement of Cash Flows
For the Year Ended March 31

	Waterfowl Damage Compensation Program		New Crops Insurance Program		Big Game Damage Compensation Program	
	2004	2003	2004	2003	2004	2003
Cash Flows from (used in) operating activities:						
Cash receipts from the Government of Canada	$ —	$ —	$ —	$ —	$ 4,871,000	$ —
Cash receipts from the General Revenue Fund	7,180,000	—	—	—	260,000	—
Funds held by the General Revenue Fund	—	—	—	—	124,886	—
Interest received	41,067	135,796	252,159	331,500	36,846	53,932
Cash paid to the Government of Canada	—	—	—	—	—	—
Cash paid to the Government of Saskatchewan	(7,000,000)	—	—	—	—	—
Cash paid to Saskatchewan Crop Insurance	—	—	—	(1,775,953)	—	—
Cash received from (paid to) producers	(4,958,247)	(2,369,280)	—	—	(9,946,473)	(1,164,099)
Net increase (decrease) in cash and cash equivalents	(4,737,180)	(2,233,484)	252,159	(1,444,453)	(4,653,741)	(1,110,167)
Cash and cash equivalents at beginning of year	6,535,866	8,769,350	8,651,046	23,732,408	3,115,759	4,225,926
Transfers between programs (note 4)	(1,745,000)	—	—	(13,636,909)	1,745,000	—
Cash and cash equivalents at end of year	$ 53,686	$ 6,535,866	$ 8,903,205	$ 8,651,046	$ 207,018	$ 3,115,759
Cash and cash equivalents include:						
Cash	$ 53,686	$ 135,866	$ —	$ —	$ 82,132	$ 115,759
Investments	—	6,400,000	—	—	—	3,000,000
Due from the Province of Saskatchewan - General Revenue Fund	—	—	8,903,205	8,651,046	124,886	—
	$ 53,686	$ 6,535,866	$ 8,903,205	$ 8,651,046	$ 207,018	$ 3,115,759

See accompanying notes to financial statements

AIDA-CFIP Program		Canada-Saskatchewan BSE Recovery Program		Canada-Saskatchewan Assistance Program (CSAP II)		Total	
2004	2003	2004	2003	2004	2003	2004	2003
$ —	$ —	$ 17,688,298	$ —	$ —	$ —	$ 22,559,298	$ —
—	—	46,200,000	—	—	—	53,640,000	—
—	56,300,000					124,886	56,300,000
—	—	—	—	3,047	4,080	333,119	525,308
(62,331,051)	(67,820,499)	—	—	(90,160)	—	(62,421,211)	(67,820,499)
—	—	—	—	(38,640)	—	(7,038,640)	—
—	—	—	—	—	(129)	—	(1,776,082)
—	—	(55,197,418)	—	6,763	(39,660)	(70,095,375)	(3,573,039)
(62,331,051)	(11,520,499)	8,690,880	—	(118,990)	(35,709)	(62,897,923)	(16,344,312)
82,481,652	80,365,242	—	—	118,990	154,699	100,903,313	117,247,625
—	13,636,909	—	—	—	—	—	—
$ 20,150,601	$ 82,481,652	$ 8,690,880	$ —	$ —	$ 118,990	$ 38,005,390	$ 100,903,313
$ —	$ —	$ —	$ —	$ —	$ 118,990	$ 135,818	$ 370,615
—	—	—	—	—	—	—	9,400,000
20,150,601	82,481,652	8,690,880	—	—	—	37,869,572	91,132,698
$ 20,150,601	$ 82,481,652	$ 8,690,880	$ —	$ —	$ 118,990	$ 38,005,390	$ 100,903,313

Saskatchewan Agricultural Stabilization Fund
Notes to the Financial Statements
As at March 31, 2004

1. Status of the Fund

The Saskatchewan Agricultural Stabilization Fund (the Fund) was established under The Farm Financial Stability Act (the Act).

The following programs exist within the fund:

New Crops Insurance Program:
The New Crops Insurance Program was established in the 1996-97 fiscal year pursuant to Part IV of the Act and is administered by the Saskatchewan Crop Insurance Corporation. The purpose of the program is to compensate the Corporation for insurance losses on new or developmental crops.

Big Game Damage Compensation Program:
The Big Game Damage Compensation Program was established in the 1996-97 fiscal year pursuant to Part IV of the Act and is administered by the Saskatchewan Crop Insurance Corporation. The purpose of the program is to compensate producers of commercial agricultural crops for losses to field crops and stacked hay resulting from damage caused by big game.

Waterfowl Damage Compensation Program:
The Waterfowl Damage Compensation Program was established in the 1997-98 fiscal year pursuant to Part IV of the Act and is administered by the Saskatchewan Crop Insurance Corporation. The purpose of the program is to compensate producers of commercial agricultural crops for losses to field crops resulting from damage caused by waterfowl.

Agricultural Income Disaster Assistance (AIDA) Program - Canadian Farm Income Program (CFIP):
The AIDA-CFIP Program was established in the 2001-02 fiscal year pursuant to Part IV of the Act and is administered by the Saskatchewan Department of Agriculture, Food and Rural Revitalization. The purpose of the program is to facilitate the participation of Saskatchewan in a federal-provincial initiative, administered by the Federal Government, to assist producers facing a serious decline in their profit margins due to circumstances beyond their control.

The AIDA and CFIP programs are virtually the same in program specifications, qualification parameters and administration. The AIDA program was in place for producers' 1998 and 1999 claim years. The CFIP program was in place for producers' 2000, 2001, and 2002 claim years.

Canada-Saskatchewan BSE Recovery Program:
The Canada-Saskatchewan Bovine Spongiform Encephalopathy (BSE) Recovery Program was established in 2003-04 pursuant to Part IV of the Act and is administered by the Saskatchewan Department of Agriculture, Food and Rural Revitalization. The purpose of the program is to provide assistance payments to producers and packers affected by the closure of the Canada-United States border to eligible livestock exports.

Canada-Saskatchewan Assistance Program (CSAP II):
The Canada-Saskatchewan Assistance Program was established in the 2001-02 fiscal year pursuant to Part IV of the Act and is administered by the Saskatchewan Crop Insurance Corporation. The purpose of the program is to enhance or stabilize the incomes of Saskatchewan farmers.

In the event that these programs terminate, any remaining net assets must be returned to the Government of Saskatchewan's General Revenue Fund.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

Investments:
Investments are recorded at cost less any write down required to reflect a permanent impairment in value.

Cash and Cash Equivalents:
Cash and cash equivalents consist of cash, short-term investments with a maturity of 90 days or less, the fund's bank accounts which are included in the Consolidated Offset Bank Concentration arrangement for the Government of the Province of Saskatchewan (note 3) and all other amounts due from the Province of Saskatchewan General Revenue fund.

Revenue Recognition:
Funding received from the Federal Government is considered to be externally restricted and as a result is deferred until the program itself incurs expenses.

The Waterfowl and Big Game Damage Compensation programs are normally funded 60% by the Federal Government and 40% by the Provincial Government. During the current year, the Federal Government provided additional funding to these programs.

The Slaughter and the Packer Incentive and the Cull Animal elements of the BSE Recovery Program are funded 60% by the Federal Government and 40% by the Provincial Government. The Set-Aside and Fed Livestock Competitive Market Adjustment elements of the BSE Recovery Program are funded 100% by the Provincial Government.

The CSAP II was funded 70% by the Federal Government and 30% by the Provincial Government.

The New Crops Insurance program is funded 60% by the Federal Government and 40% by the Provincial Government.

The amount recognized as revenue from the Federal Government is a percentage of the program expenses.

The fund only administers the Provincial portion of the AIDA and CFIP programs and, as a result, the Fund does not record any funding from the Federal Government for its portion of AIDA or CFIP. In the current year, the Federal Government provided a $5 million contribution toward the provincial portion of the AIDA/CFIP program.

Funding received from the Province of Saskatchewan is not considered to be externally restricted because the entities are under common control. As a result, grant revenue from the Province of Saskatchewan is recognized when the grant criteria have been met.

Use of Estimates:
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimated.

3. Due from Province of Saskatchewan General Revenue Fund

The New Crops Insurance Program bank account is included in the Consolidated Offset Bank Concentration arrangement for the Government of the Province of Saskatchewan. Interest is earned on these funds at the government's 30-day borrowing rate, and is based on the fund's average daily account balance. The average of the 30-day borrowing rate was 2.79% (2003 – 2.62%). The Province of Saskatchewan General Revenue Fund pays interest to the fund on a quarterly basis.

The AIDA-CFIP Program funds and the Canada-Saskatchewan BSE Recovery Program funds are deposited in the General Revenue Fund. Interest is not paid on these accounts.

All other amounts represent short-term receivables from the Province of Saskatchewan General Revenue Fund.

4. Transfers between programs

In 2003-04, the Minister of Agriculture, Food and Rural Revitalization directed, under the authority of the Waterfowl Damage Compensation Program Regulations, that surplus amounts of $1.8 million in the Waterfowl Damage Compensation Account be

transferred and paid to the Big Game Damage Compensation Account.

In 2002-03, the Minister of Agriculture, Food and Rural Revitalization directed, under the authority of the New Crops Insurance Program Amendment Regulations, 2003, that surplus amounts of $13.6 million in the New Crops Insurance Account be transferred and paid to the AIDA-CFIP Account.

The transfer of $13.6 million from the New Crops Insurance Account, combined with the $56.3 million provided from the General Revenue Fund to the AIDA-CFIP Account, allowed the Province to meet its commitment of $70 million for the 2002-03 year under the Federal-Provincial agreement establishing the Canadian Farm Income Program.

This transfer was necessary because, during 2002-03, the General Revenue Fund paid 100% of a $13.6 million premium surcharge (which was required as a result of the extension to the program application deadline for the 2002 crop insurance year) to the Saskatchewan Crop Insurance Corporation (SCIC). Since the Federal Government's share of this was 60%, or $8.182 million, this amount of federal funding was taken in as revenue in the New Crops Insurance Program, in order to compensate the Province for the Federal Government's share of the premium surcharge to the SCIC.

5. Planned results

	Budget 2003-04 ($000)	Actual 2003-04 ($000)	Actual 2002-03 ($000)
Revenue			
New Crops Insurance	270	245	9,431
Big Game Damage Compensation	5,131	5,782	2,839
Waterfowl Crop Damage Compensation	4,239	7,122	1,570
AIDA-CFIP	—	5,000	56,300
Canada-Saskatchewan BSE Recovery	—	85,746	—
CSAP II	3	3	4
Expenses			
New Crops Insurance	—	—	1,074
Big Game Damage Compensation	2,800	2,522	9,364
Waterfowl Crop Damage Compensation	5,030	4,703	2,869
AIDA-CFIP	—	1,314	61,354
Canada-Saskatchewan BSE Recovery	—	81,670	—
CSAP II	122	122	40

6. Fair value of financial assets and financial liabilities

The carrying amounts of all financial assets and financial liabilities approximate their fair value due to their short-term nature.

7. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies and boards related to the Fund by virtue of common control by the Government of Saskatchewan.

The Saskatchewan Crop Insurance Corporation administers the Waterfowl Damage Compensation, New Crops Insurance, Big Game Damage Compensation and Canada-Saskatchewan Assistance programs. All of the administration expenses for the Canada-Saskatchewan Assistance Program (CSAP II) were charged by the Saskatchewan Crop Insurance Corporation.

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms. Other transactions with related parties and amounts due to or from them are described separately in the financial statements and notes.

In accordance with established government practice, the Fund has not been charged with certain occupancy, financing, administrative, and other costs. These costs have been absorbed by various departmental appropriations and, therefore, no provision for such costs is reflected in these financial statements.

Government of
Saskatchewan

Printed 07/04
100 - ISSN 1703-7476 - 0173